

## **Industrial Organization II**

Info: The course is dealing with a theoretical analysis of IO. This includes 14 lectures and 7 seminars. The final grade will be based on the final exam.

Readings: Readings will mostly be based on papers. The copies of papers will be available in the library. Some papers are likely to be added or dropped as we go.

### **Course plan**

#### **Week 1,2,3: Durable Goods**

- [1] Bulow, J., "Durable Goods Monopolists", *Journal of Political Economy*, 15, 1982, 314-332
- [2] Stokey, N., "Rational Expectations and Durable Goods Pricing", *The Bell Journal of Economics*, 12(1), 1981, 112-128
- [3] Swan, P., "Optimum Durability, Second-Hand Markets, and Planned Obsolescence", *Journal of Political Economy*, 80(3), 1972, 575-585
- [4] Gul, F., H.Sonnenschein and R. Wilson, "Foundations of Dynamic Monopoly and the Coase Conjecture", *Journal of Economic Theory*, 39, 1986, 155-190
- [5] Kahn, C., "The Durable Goods Monopolist and Consistency with Increasing Costs", *Econometrica*, 54, 1986, 275-294
- [6] Fehr, N. and K. Kuhn, "Coarse vs Pacman: Who eats Whom in the Durable-Goods Monopoly", *Journal of Political Economy*, 103(4), 1995, 785-812
- [7] Abel, A., "Market Structure and the Durability of Goods", *The Review of Economic Studies*, 50(4), 1983, 625-637

#### **Week 4: Collusion**

- [8] Green, E. and R. Porter, "Noncooperative Collusion under Imperfect Price Information", *Econometrica*, 52, 1984, 87-100
- [9] Abreu, D., D. Pearce and E. Stachetti, "Optimal Cartel Equilibria with Imperfect Monitoring", *Econometrica*, 52, 1984, 251-269
- [10] Rotemberg, J. and G. Saloner, "A Supergame-Theoretic Model of Business Cycles and Price Wars During Booms", *American Economic Review*, 76, 1986, 390-407

#### **Week 5,6: Advertising**

- [11] Butters, G., "Equilibrium Distribution of Sales and Advertising Prices", *The Review of Economic Studies*, 44, 1977, 465-491
- [12] Klein, B. and K. Leffler, "The Role of Market Forces in Assuring Contractual Performance", *Journal of Political Economy*, 89, 1981, 615-641
- [13] Grossman, G. and C. Shapiro, "Informative Advertising with Differentiated Products", *Review of Economic Studies*, 51, 1984, 63-82
- [14] Milgrom, P. and J. Roberts, "Price and Advertising Signals of Product Quality", *Journal of Political Economy*, 94, 1986, 796-821

[15] Bagwell, K. and G. Ramey, "Coordination Economies, Advertising and Search Behavior in Retail Markets", *American Economic Review*, 84, 1994, 498-517

[16] Varian, H., "A Model of Sales", *The American Economic Review*", 1980, 651-659

### **Week 7: Price Discrimination and Quality Selection**

[17] Mussa, M. and S. Rosen, "Monopoly and Product Quality", *Journal of Economic Theory*, 18, 1978, 301-317

[18] Armstrong, M., "Multiproduct Nonlinear Pricing", *Econometrica*, 64, 1996, 51-75

[19] Segal, I., "Optimal Pricing Mechanisms with Unknown Demand", *American Economic Review*, 2003, 559-579